

PUBLIC POSTSECONDARY EDUCATION POLICY GOALS, ACCOUNTABILITY MEASURES & REPORTING

A Report Prepared for the

**Education and Local Government Committee
and the
58th Legislature**

By

The Joint Subcommittee on Postsecondary Education Policy and
Budget

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Legislative Fiscal Division



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The Joint Subcommittee on Postsecondary Education Policy and Budget is a bipartisan, bicameral subcommittee of the Education and Local Government Interim Committee. However, in addition to the two representatives and two senators appointed by the Education and Local Government Committee, two senators from the Legislative Finance Committee were appointed to the Subcommittee in the 2003 interim. Membership also includes two Regents and a representative of the Governor’s Office.

The Subcommittee’s work was coordinated by the Legislative Fiscal Division and the Legislative Services Division with assistance from the Office of the Commissioner of Higher Education. This report summarizes the work of the interim Joint Subcommittee on Postsecondary Education Policy and Budget conducted December 2001 through July 2002. Due to the August 2002 special legislative session and the resulting shortened interim period, this report abbreviates what would otherwise be a fuller discussion of the issues examined by the Subcommittee. A complete list of reports and articles reviewed by the Subcommittee, and minutes from each meeting are available on the Subcommittee website at the following address:

[\[http://leg.mt.gov/Interim_Committees/Education_Local_Gov/Subcommittees/index.htm\]](http://leg.mt.gov/Interim_Committees/Education_Local_Gov/Subcommittees/index.htm)

INTRODUCTION

The Education and Local Government Committee formed the Joint Subcommittee on Postsecondary Education Policy and Budget (the Subcommittee) in November 2001. At the time the Education and Local Government Committee formed the Subcommittee, it charged it with “improving the relationship of the legislature and the Montana University System”. The first obvious step towards improving a relationship is to keep communication channels open and functioning. To that end, the Subcommittee was designed to include representatives of the legislature, the Board of Regents, and the Executive Branch, specifically six legislative members from the Education and Local Government Committee and the Legislative Finance Committee, two Board of Regents members, and a representative of the Governor’s office.

The Subcommittee decided to focus its efforts on identifying public postsecondary education policy goals and accountability measures that allow the evaluation of the attainment of the policy goals. Simply put, the Subcommittee attempted to clarify its expectations of the Montana University System and develop a means to determine in the future if those expectations have been met.

The remainder of this report is organized into the following sections:

1. Background – a short explanation of why the Subcommittee chose this study topic
2. State public postsecondary education policy goals – the goals that were identified and the needs they address
3. Accountability measures that enable evaluation of the attainment of the policy goals and reporting to keep the legislature, the executive branch, and the public informed
4. The Agreement reached between the Subcommittee and the Board of Regents
5. Proposed legislation

BACKGROUND

The Subcommittee chose to examine state policy goals and accountability measures with the hopes of all parties developing a better understanding of the others’ roles and responsibilities, which would ultimately lead to improved relations. Clarifying policy goals and providing a mechanism for evaluation was seen as a potential way to bridge the skepticism and distrust that frequently surfaces between the legislative branch and the Montana University System. This long-time prickly relationship is born from the divergent, distinct, and powerful roles granted to the legislature and the Board of Regents by the Montana Constitution.

DISTINCT CONSTITUTIONAL ROLES

The Montana Constitution grants the legislature power to enact laws, appropriate money, and insure strict accountability of all revenue received and money spent by governmental entities¹. Inherent in this

¹ Article VIII, Section 12, Montana Constitution.

power is the role to establish statewide public policy for state government functions and determine statewide funding priorities. However, the Montana Constitution also grants the power to govern and control the Montana University System to the Board of Regents. This governance role includes establishing Montana University System policy and determining how university funds (both private and that appropriated by the legislature) are allocated and used.

There is a long-standing tug-of-war over how much money, if any, is “enough” for the Montana University System (legislative power to appropriate) and how the money gets used (Board of Regents power to set policy). The legislature determines how much money it appropriates to the Montana University System, but the Board of Regents controls how the university system funds are used and allocated.

While the framers of Montana’s Constitution must have envisioned there could be a constructive convergence of public policy debate and funding decisions for public postsecondary education, recent practice has revealed a different scenario. There has been no on-going, visible, public policy debate of public postsecondary education goals among the legislature, the Board of Regents, the Executive Branch, and the public. State appropriations to the Montana University System constitute a significant portion of the state’s general fund budget, yet the linkage between policy goals and funding requirements is often unclear. The Subcommittee’s recommended postsecondary education policy goals and accountability measures are intended to move the state level policy makers one step closer towards initiating state level public policy debate on how state funds can best be used to meet the higher education needs of Montana’s citizens.

APPROPRIATION POLICY INCOMPLETE

In 1995, the legislature adopted the current “lump sum” appropriation policy for the educational units of the Montana University System and most of the Office of the Commissioner of Higher Education to allow more budget management flexibility and, as a result, enable the Board of Regents to manage the Montana University System as a system. The Postsecondary Education Study Committee originally proposed this appropriation policy for the Montana University System to the 1991 legislature. An important component of that recommendation was to require a higher degree of accountability from the MUS in the form of long-range plans, clearly articulated annual goals, annual progress reports, and an outcome assessment program.² Although debated and discussed by interim legislative committees and the Board of Regents for the last several years, until this interim, no systematic performance reporting to the legislature had been developed. The Subcommittee’s recommendation for annual performance reports addresses this issue.

POLICY GOALS

In its first on-site meeting, the Subcommittee adopted the policy goals included in the Board of Regents’ Strategic Plan as a starting point for further discussion of postsecondary education policy goals. These goals were further refined at subsequent meetings to reflect the goals of the Subcommittee. The policy goals adopted by the Subcommittee are presented below. Also presented is a summary of the Subcommittee’s discussion of the state’s needs each policy goal is intended to address.

² “Summary of Recommendation Postsecondary Education Study Committee”, October 12, 1990, Office of the Legislative Fiscal Analyst, p.9.

POLICY GOAL #1

Prepare Students for Success Through Quality Education

The need to maintain high quality educational services is essential. The Subcommittee indicated this goal addressed several objectives, including attracting more students to postsecondary education, ensuring students successfully complete their educational programs once enrolled, and insuring graduates are prepared for success as productive employees, critical thinkers, and quality citizens.

POLICY GOAL #2

Promote Access and Affordability

One need addressed by this goal is for broader participation in postsecondary education by Montana citizens, including Native American, low-income, and high academic achieving students. A second need expressed by the Subcommittee is to make students' cost of attending a unit of the Montana University System affordable and possible without requiring ever-increasing debt loads. Still a third need is expanding access particularly for non-traditional and place bound students via distance education programs.

POLICY GOAL #3

Deliver Efficient, Coordinated Services

The major need addressed by this goal is for the Montana University System to deliver educational services with optimum efficiency given state and customer resource constraints. Closely aligned with efficiency is the need for educational programs and services to be well coordinated among the units.

POLICY GOAL #4

Be Responsive To Market And Employment Needs And Opportunities.

The Subcommittee identified several state needs addressed by this policy goal, including having an educated workforce, having a sufficient workforce available, and responding to employers workforce training and development needs.

POLICY GOAL #5

Contribute To Montana's Economic And Social Success.

The Subcommittee recognizes the important role the Montana University System plays as a meaningful economic activity in Montana. As the goal implies, the collective need identified by the Subcommittee is for continued or additional activities that help create an environment conducive for economic development across the state. Topping the list as a high priority need in Montana is the need for more jobs and higher income. A specific state need identified by the Subcommittee is for increased opportunities in knowledge-based and technology-based industries. The Subcommittee also noted the need to foster private-public partnerships that increase technology transfer, research and development, and agricultural productivity. And finally, the Subcommittee noted the need for increased business recruitment in Montana.

POLICY GOAL #6

Collaborate With The K-12 School System And Other Postsecondary Education Institutions.

Two important statewide needs drove the development of this policy goal: To improve students' academic preparation for postsecondary education, and, to the extent allowed by law, improve the communication and interaction with K-12 and non-university system postsecondary education institutions.

ACCOUNTABILITY MEASURES AND REPORTING

After identifying the postsecondary education policy goals, the Subcommittee turned its attention to identifying the means to evaluate progress towards meeting the policy goals. This section of the report presents the accountability measures identified by the Subcommittee and the recommended purpose for the measures.

MEASURING PROGRESS TOWARD THE GOALS

The Subcommittee recommends that accountability measures be used as an assessment tool for policymakers, the university system, and the public in evaluating the achievement of statewide public postsecondary education policy goals. Because state level accountability is uncharted territory in legislative oversight of the Montana University System and because the Subcommittee wants to maximize the possibility that its recommendations will be successfully implemented, the Subcommittee recommends that implementation of state level accountability begin with two accountability measures for each policy goal. The recommended accountability measures are presented below:

Table 1 - PEPB-Recommended Policy Goals and Accountability Measures

<i>Policy Goal</i>	<i>Accountability Measure</i>
1. Prepare students for success through quality education	<ul style="list-style-type: none">○ Completion Rates○ Retention Rates
2. Promote access and affordability	<ul style="list-style-type: none">○ Affordability compared to other states○ State Support as a percent of personal income and per capita income
3. Deliver efficient, coordinated services	<ul style="list-style-type: none">○ Transferability among institutions○ Percent of expenditures in instruction, administration, athletics, etc.
4. Be responsive to market and employment needs and opportunities	<ul style="list-style-type: none">○ Job placement rates by field or program○ Growth in FTE enrollment, certificates, and degrees conferred in 2-yr education
5. Contribute to Montana's economic and social success	<ul style="list-style-type: none">○ Research and Development receipts and expenditures○ Technology transfers (licensing and commercialization)
6. Collaborate with the K-12 school system and other postsecondary education systems	<ul style="list-style-type: none">○ Collaborative programs with K-12, Community Colleges, and Tribal Colleges and private colleges (when appropriate).○ Average SAT or ACT scores of first time full time MUS freshmen

COMMUNICATING PROGRESS TOWARD THE GOALS

The Subcommittee recommends the Montana University System inform legislators, other policymakers, and the public of its progress towards meeting the policy goals via an annual accountability report. Several other accountability measure and reporting criteria were endorsed, including:

- Measure and report data on the system level
- Where currently available, report accountability measures with historical trends, using five-year trailing data
- Where five-year trailing data are not currently available, start collecting and reporting it as it becomes available
- Where appropriate and data are available, compare performance to peer states (the Subcommittee selected North Dakota, South Dakota, Minnesota, Wyoming, Idaho, Washington, Oregon, Utah, and Colorado as peer states)

The Subcommittee directed its staff to work with the Montana University System to develop an easy-to-read format for the accountability report. This work is progressing and will result in the first accountability report being presented to the legislature in the 2003 session (see next section).

WRITTEN AGREEMENT

The substance of the Subcommittee's recommendations was capsulated into a written agreement between the Subcommittee and the Montana Board of Regents and university system. The entire text of the agreement is included in Appendix A. The agreement:

- Acknowledges the unique constitutional power granted to both the legislature and the Board of Regents
- Identifies the postsecondary education policy goals and accountability measures recommended by the Subcommittee
- Requires the accountability report to be presented to the House and Senate Education Committees and the Joint Appropriations Education Subcommittee by the tenth day of the 58th Legislature
- Requires the accountability report to be posted on the Board of Regents website and the Subcommittee's website
- Requires the accountability report to be updated annually and posted on the Board of Regents website by January 1 each year
- Expires January 1, 2005

PROPOSED LEGISLATION

The Subcommittee recommended the formation of a separate statutory committee on postsecondary education policy and budget, however, the full Education and Local Government Committee overturned that recommendation at its July 2002 meeting. Instead, the Education and Local Government Committee recommends the Subcommittee be made a permanent subcommittee of the committee, with representation from the legislature, Board of Regents, and the Executive Branch.

APPENDIX A

THE AGREEMENT

AGREEMENT

WHEREAS, Article VIII, section 12, of the Montana Constitution vests in the Legislature the responsibility to ensure strict accountability of all revenue received and spent by the state, counties, cities, and towns and all other local governmental entities; and

WHEREAS, Article X, section 9, of the Montana Constitution vests in the Board of Regents of Higher Education the full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System and to supervise and coordinate other public institutions assigned to it by law; and

WHEREAS, the Joint Subcommittee on Postsecondary Education Policy and Budget, comprised of members representing the Montana Legislature, the Montana Board of Regents, and the Executive Branch, has identified statewide public postsecondary education policy goals and accountability measures with the input and feedback of the Montana University System;

This AGREEMENT, between the Joint Subcommittee on Postsecondary Education Policy and Budget and the Montana University System, identifies the statewide public postsecondary education policy goals and related accountability measures that will be used as an assessment tool for policymakers, the university system, and the public in evaluating the achievement of the policy goals.

The policy goals and accountability measures are as follows:

1. Prepare students for success through quality education
 - a. Completion Rates
 - b. Retention Rates
2. Promote access and affordability
 - a. Affordability compared to other states
 - b. State Support as a percent of personal income and per capita income
3. Deliver efficient, coordinated services
 - a. Transferability among institutions
 - b. Percent of expenditures in instruction, administration, athletics, etc.
4. Be responsive to market and employment needs and opportunities
 - a. Job placement rates by field or program
 - b. Growth in FTE enrollment, certificates, and degrees conferred in 2-yr education
5. Contribute to Montana's economic and social success
 - a. Research and Development receipts and expenditures

- b. Technology transfers (licensing and commercialization)
- 6. Collaborate with the K-12 school system and other postsecondary education systems
 - a. Collaborative programs with K-12, Community Colleges, and Tribal Colleges and private colleges (when appropriate).
 - b. Average SAT or ACT scores of first time full time MUS freshmen

The parties further agree to:

- 1. The Montana University System shall prepare an Accountability Report presenting appropriate and current data for each accountability measure in an easy-to-read format.
- 2. The Accountability Report shall be presented to the House and Senate Education Committees and the Joint Appropriations Education Subcommittee by the 10th legislative day of the 58th Legislature.
- 3. The Accountability Report shall be posted to the Board of Regents website and the Joint Subcommittee on Postsecondary Education Policy and Budget website.
- 4. The Montana University System shall prepare an annual update to the Accountability Report and post the Report on the Board of Regents website by January 1 each year.

This agreement expires January 1, 2005.

Dated this 9th day of July 2002.

Senator Royal Johnson, Chairman
Joint Subcommittee on
Postsecondary Education Policy and
Budget

Richard Roehm, Chairman
Montana Board of Regents

Representative Art Peterson, Vice
Chairman, Joint Subcommittee on
Postsecondary Education Policy and
Budget

Dr. Richard Crofts, Commissioner
Office of the Commissioner of
Higher Education